

ORIGINAL OPEN MEETING  
MEMORANDUM  
RECEIVED



0000020272

Arizona Corporation Commission

DOCKETED 414

APR 14 2005

TO: THE COMMISSION

FROM: Utilities Division

2005 APR 14 P 12:46

DATE: April 14, 2005

AZ CORP COMMISSION  
DOCUMENT CONTROL

DOCKETED BY

KL

RE: IN THE MATTER OF DIAMOND VALLEY WATER USERS CORP.,  
APPLICATION TO AMEND ITS TARIFF IN (DOCKET NO. W-03263A-05-0215)

### Introduction

On March 25, 2005, Diamond Valley Water Users Corp. ("Company") filed a request to amend its tariff (approved in Decision No. 60125). The proposed amendment requests a change to the service line and meter installation charge. The Company is in financial distress and is being operated by an interim manager (Mr. Timothy Kylo). The Prescott Valley Water District ("District") charges for water system connections have increased, and actual connection costs vary due to unique site conditions. Staff is processing this application as a water facility hook-up fee.

On March 31, 2005, the Company filed a request to waive the time clock rules associated with the filing for a tariff amendment.

Staff recommends approval of its proposed water system hook-up fees.

### Service Line and Meter Installation Charges

The Company has recently received four requests for service line and meter installation ("SL&MI") services. The Company's current tariff provides for a partially refundable \$1,650 SL&MI charge for 5/8" x 3/4" meter. In prior years, the previous SL&MI charge of \$1,650 generally covered the \$1,200 District imposed County Water System Capacity Charge, the cost of the meter and installation costs. The portion of the SL&MI charge not required to meet the county capacity charge (\$450) was refundable. In recent years, the Company has experienced a wide variety of installation costs due to difficulty in locating mains and, in some instances, road crossings.

In addition to an increase (from \$2.25 to \$2.45) in the charge for water purchased from the District, the Company was recently informed by the District that the Water System Connection fee was increased to \$1,650 (from \$1,200) for each new connection effective March 1, 2005. Additionally, a new Water Resource Charge was also effective March 1, 2005, for \$1,526 for each new connection. The Company estimates that the current cost for the meter and installation can range from \$800 to several thousand dollars. Therefore, the total estimated current cost for SL&MIs can range from \$3,976 (\$1,650 plus \$1,526 plus \$800) to several

thousand dollars. Thus, the current cost of SL&MI would require the Company to absorb significant capital costs to make the connection.

The Company is currently preparing a rate application and indicates that it has no working capital available to fund SL&MI requests.

### **Request for Tariff Amendment**

The Company has proposed a change to its current tariff wherein the SL&MI charge will be amended to permit non-refundable recovery of the "Permitted" actual cost of the SL&MI. However, Staff is processing this case as a request for a water facility hook-up fee using "Permitted Cost". This will allow the Company to respond to requests for new service on a timely basis. Staff believes its proposed water facility hook-up fee using "Permitted Cost" is a practical solution to the Company's current financial situation.

### **Staff Analysis**

Staff has reviewed the Company's current unaudited financial statements and concludes that the Company is in a precarious financial condition. Although the Company has reported operating income of \$22,090 for the year 2004 and \$16,393 for 2003, it is experiencing negative cash flow due to the increase in the District water purchasing costs and increasing repairs and maintenance costs. The Company had a negative cash flow for 2004 of approximately \$40,000.

The Company also has unpaid debts to the District totaling approximately \$97,000 which were accumulated prior to, and subsequent to, the appointment of an interim manager for water purchases, connection charges, and interest. Although paying its current property tax assessments, the Company owes approximately \$50,000 for back property taxes.

Proper treatment for the increased costs and unpaid debts will be addressed, among other needs, in the general rate application when it is filed.

The new hook-up fee would result in no change to water service rates and poses no disproportionate cost shifting for ratepayers. The new service customer will be on notice as to the approximate cost of the hook-up fee. By utilizing the "Permitted Cost" method, the new customer will know the nature of the charges for which it is responsible. This method will have no effect on existing customers. In fact, it protects current ratepayers from subsidizing growth.

The new hook-up fee will not be refundable. The Company's pressing need for cash should not be further frustrated with refunding requirements at this time. The hook-up fees will be considered non refundable contributions in aid of construction.

**Staff's Recommendation**

Staff recommends adoption of the proposed water facility hook-up fee as indicated in Exhibit I. It will permit the Company to promptly and properly respond to new service requests. The financial situation of the Company will be addressed in its pending rate application.

In addition, Staff recommends that the Company submit a report each March 1 that covers the previous calendar year. The report shall list each person/entity that has paid a hook-up fee, how much they paid, how much was paid to the District, and how much was paid for the actual installation of the meter and service line. The first report shall be due on March 1, 2006.



Ernest G. Johnson

Director

Utilities Division

EGJ:JJD:rdp/TS

Originator: James J. Dorf

THE COMMISSION

April 14, 2005

Page 4

Diamond Valley Water Users Corp.  
W-03263A-05-0215

Exhibit I

Water Facility Hook-up Fees:

<u>Meter Size</u>	<u>Water System Connection Charge*</u>	<u>Water System Capacity Charge*</u>	<u>Meter and Installation</u>	<u>Permitted Total Cost**</u>
	(A)	(B)	(C)	(A+B+C)
5/8" x 3/4"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
3/4"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
1"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
1 1/2"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
2"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
3"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
4"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
5"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
6"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost

\* Imposed pursuant to Prescott Valley Water District. Other charges apply to Duplexes/ Apartments/Condominiums/Motel and other types of dwellings (See Exhibit II).

\*\*Permitted Cost

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, cost shall include all labor, materials, other charges incurred, and overheads. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After a review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of service or after the Company's receipt of invoices, time sheets or other related documents, which ever is sooner. Under all circumstances, the minimum charge as indicated above will be charged for the related service.
- D. All amounts paid by the customer will be considered a non-refundable contribution in aid of construction.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents to support the cost for providing service.
- F. Permitted cost shall include any State or federal income taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities for which the customer advances or contributes funds or facilities to the Company.

THE COMMISSION

April 14, 2005

Page 5

## EXHIBIT II



Prescott Valley Water District

7501 E. Civic Circle  
Prescott Valley  
Arizona 86314

February 3, 2005

Attn: Tim Kylo, Bradshaw Management Corporation  
DIAMOND VALLEY WATER USERS CORPORATION  
P.O. Box ~~20939~~ 10573  
Sedona, Arizona ~~86341-0939~~  
86339-8893

RECEIVED

APR 06 2005

AZ Corporation Commission  
Director Of Utilities

Re: NOTICE - Revised Prescott Valley Water District Volume Rate

Dear Mr. Kylo:

I am providing NOTICE of recent action by the Prescott Valley Water District Board to revise Water District Volume Rates which affects the gallonage component of the Water Charge to the Diamond Valley Water User's Corporation under Subsection 2.7(d) of the Restated and Amended Agreement for Water Service ("Agreement") dated December 3, 1996, between Diamond Valley Water and Shamrock Water Company (now the Prescott Valley Water Company, whose sole member and operator is the Prescott Valley Water District), approved by Order No. 60125 dated March 19, 1997 of the Arizona Corporation Commission.

The Water District Board adopted its FY 2004-2005 budget by Resolution No. 54, dated September 23, 2004. (See attached) The budget included new water rates effective January 1, 2005. Because the District uses tiered rates, an average has been used for the gallonage rate to Diamond Valley Water under the Agreement. The prior average since 2001 has been \$2.25 per 1000 gallons. The new average is \$2.45 per 1000 gallons (an 8.9% increase). Because Diamond Valley Water has a "pass through" provision in place, the increase would normally be effective as of January 1. However, as an accommodation we propose that the \$2.45 rate be effective as of March 1, 2005.

I've been informed by our utilities personnel that considerable time has passed since we received the reports under the Agreement which verify the monthly service charge and one-time facilities charges to be received. We appreciate continuing to receive the \$2,300.00 monthly settlement amount, but we're concerned that Diamond Valley Water may again be falling into arrears since growth in the area is evident yet the District is not receiving the reports or the related charges. I would appreciate hearing from you on this matter.

In the meantime, if you have any questions, please don't hesitate to contact me.

Sincerely,

Larry Tarkowski  
District Manager/Prescott Valley Water District  
Aj/il  
Attachment

p.c.: District Board  
District Clerk  
District Legal Counsel

## RESOLUTION NO. 54

### PRESCOTT VALLEY WATER DISTRICT

A RESOLUTION OF THE DISTRICT BOARD OF THE PRESCOTT VALLEY WATER DISTRICT, A COMMUNITY FACILITIES DISTRICT OF ARIZONA, APPROVING A FINAL BUDGET FOR FISCAL YEAR 2004-2005 PURSUANT TO ARS §48-716; ESTABLISHING RATES, FEES, AND CHARGES CONCURRENTLY THEREWITH TO (A) GENERATE REVENUE SUFFICIENT TO PAY WHEN DUE THE PRINCIPAL AND INTEREST OF ALL REVENUE BONDS FOR THE PAYMENT OF WHICH REVENUE HAS BEEN PLEDGED, AND (B) TO PROVIDE WATER SERVICES FOR AND ON BEHALF OF THE PRESCOTT VALLEY WATER COMPANY ON AND AFTER JULY 1, 2004, ALL IN ACCORDANCE WITH ARS §48-720(E); PROVIDING THAT IF ANY PROVISION IN THIS RESOLUTION IS HELD INVALID BY A COURT OF COMPETENT JURISDICTION, THE REMAINING PROVISIONS SHALL NOT BE AFFECTED BUT SHALL CONTINUE IN FULL FORCE AND EFFECT; AND PROVIDING THAT THIS RESOLUTION SHALL BE EFFECTIVE AFTER ITS PASSAGE AND APPROVAL ACCORDING TO LAW.

WHEREAS, on September 24, 1998, the Common Council of the Town of Prescott Valley ("Town") adopted Resolution No. 855 creating the Prescott Valley Water District ("District"), a community facilities district in accordance with ARS §48-701 et seq.; and

WHEREAS, among other things, the purpose for creating the District was to (a) sell revenue bonds, (b) use bond proceeds to acquire the stock of Shamrock Water Company ("Shamrock"), (c) change Shamrock to a non-profit company and re-name it the Prescott Valley Water Company ("Company"), (d) enter into a service agreement with the Company to provide all of the Company's services for the benefit of the Company's customers [including construction of necessary capital improvements to the Company's water system ("System") using bond proceeds], and (e) enter into agreements with third parties to actually provide those services; and

WHEREAS, on November 9, 1998, the District Board adopted Resolution No. 2 approving a Stock Purchase Agreement with Shamrock's Shareholders to purchase Shamrock's stock for \$14,906,000.00 (plus an amount equal to Shamrock's actual cost of labor and materials for acquiring, constructing and installing routine improvements) on or before January 29, 1999 ("Closing Date"); and

WHEREAS, in furtherance of said Stock Purchase Agreement, on December 14, 1998, the District Board adopted Resolution No. 3 approving the issuance of revenue bonds in an amount necessary to purchase Shamrock's stock and fund an initial capital improvement program for the System; and

WHEREAS, on December 14, 1998, the District Board also adopted Resolution No. 4 prescribing rates, fees, and charges necessary to generate revenue sufficient to pay when due the principal and interest of said revenue bonds and to pay the ongoing costs of managing, operating and maintaining the System; and

WHEREAS, such rates, fees, and charges were to be effective from and after the Closing Date (after first being established in the District's annual budget after notice and hearing pursuant to ARS §48-716); and

WHEREAS, after notice and a public hearing conducted at a Special Meeting held January 14, 1999, the District Board adopted Resolution No. 7 approving and adopting the District's Budget to close out FY 1998-99 and thereby formally established the rates, fees, and charges previously prescribed in Resolution No. 4; and

WHEREAS, by Resolution No. 10 dated February 23, 1999, the District Board administratively directed staff and contract agents to not collect service, emergency and construction turn-off fees previously adopted by the Board and, in certain circumstances, to reduce the regular service turn-on fee from \$25.00 to \$15.00 in anticipation of the FY 1999-2000 budget process; and

WHEREAS, by Resolution No. 13 dated July 8, 1999, the District Board approved the tentative budget for FY 1999-2000 as well as proposed rates, fees and charges, and set a public hearing date to consider the same in accordance with ARS §§48-716 and 48-720(E); and

WHEREAS, by Resolution No. 15 dated August 5, 1999, the District Board held a hearing on said tentative budget at a special meeting and then adopted the same; and

WHEREAS, by Resolution No. 16 dated October 14, 1999, the District Board administratively directed District staff and contract agents that, in applying the heretofore approved methodology for estimating water usage by commercial and industrial users to calculate System Capacity Charges, estimated water usage for required landscaping proposals was not to be included, in anticipation of formally amending the System rates, fees, and charges in the upcoming budget process; and

WHEREAS, by Resolution No. 18 dated June 22, 2000, the District Board adopted a tentative budget for FY 2000-2001, and set a public hearing date of July 20, 2000 for said tentative budget; and

WHEREAS, said tentative budget included a new Water Resource Charge of \$1,000.00 among the Water System Connection Charges in order to ensure that new water sources will be available to provide service to future customers of the District and Company in light of the recent declaration by the Arizona Department of Water Resources that groundwater may no longer be used by new developments; and

WHEREAS, the District Board held a hearing on said tentative budget at its regular meeting on July 20, 2000, and adopted the same by Resolution No. 19 (making the Water Resource Charge effective August 19, 2000); and

WHEREAS, in July 2000, the District and the Town entered into a consultant contract with Rick Giardina & Associates, Inc. to assist the District Board and Town Council in reviewing and



revising water and wastewater rates in light of expected operation costs and capital improvement needs for their respective domestic water, reclaimed water, and wastewater systems; and

WHEREAS, beginning in November, 2000, Mr. Giardina had a number of meetings with a Rate Study Review Committee consisting originally of nineteen (19) citizens, a number of District and Town staff, and two (2) District Board/Town Council members, to consider revision of water and wastewater rates; and

WHEREAS, at its final meeting on July 25, 2001, the Rate Study Review Committee voted to recommend to the District Board and Town Council certain revisions to their respective water and wastewater rates, including establishing new reclaimed water rates; and

WHEREAS, prior thereto, the District Board and Town Council had met in a joint work/study session on July 16, 2001 to consider staff-proposed revisions to District and Town utility regulations (including proposed fee and service charge revisions) to (a) respond to concerns previously raised by area landlords regarding administration of District and Town utility accounts, particularly those opened in the name of tenants, (b) standardize District water system and Town wastewater and water system regulations in order to assist the Town in its operation and administration of the three (3) systems (the former pursuant to contract), and (c) resolve other issues raised over time as Town staff gained experience in operating and administering the three (3) utility systems; and

WHEREAS, by Resolution No. 26 dated July 26, 2001, the District Board adopted a tentative budget for FY 2001-2002 and set a public hearing date of August 16, 2001 to consider the same, which budget included revised (and, in some instances, increased) domestic water rates, fees, and charges for the System based on the Rate Study Review Committee recommendations and the staff-proposed revisions; and

WHEREAS, in the interim between the adoption of the tentative budget and consideration of the final budget, engineering staff proposed clarifying language relating to meter costs and consideration of simplified engineering fees in the final budget; and

WHEREAS, it was expected that the simplified engineering fees would result in reduced costs to the majority of small developers and possibly increased costs to certain larger developers whose engineering reviews are often the most time-consuming for staff; and

WHEREAS, at a special work/study session held prior to the public hearing on August 16, 2001, the District Board reviewed all of the proposed revisions; and

WHEREAS, at the conclusion of the public hearing on the tentative budget, the District Board voted to adopt the final budget by Resolution No. 28 (the proposed revisions to rates, fees, and charges therein becoming effective September 29, 2001); and

WHEREAS, at a joint work/study session held on May 16, 2002, the District Board and Town Council met to consider staff-proposed revisions to the methodology for calculating system

capacity charges and water resource charges for new residential, commercial and industrial uses that connect to both the Town and District utility systems; and

WHEREAS, by Resolution No. 33 dated June 13, 2002, the District Board adopted a tentative budget for FY 2002-2003, and set a public hearing date of July 11, 2002 to consider the same, which budget included the proposed new methodology for calculating system capacity charges and water resource charges based on the staff-proposed revisions as well as revised engineering fees; and

WHEREAS, at the conclusion of the public hearing on the tentative budget, the District Board voted to adopt the final budget by Resolution No. 35;

WHEREAS, by Resolution No. 40 dated June 12, 2003, the District Board approved the tentative budget for FY 2003-2004 as well as proposed rates, fees and charges, and set a public hearing date to consider the same in accordance with ARS §§48-716 and 48-720(E); and

WHEREAS, by Resolution No. 41 dated July 10, 2003, the District Board held a hearing on said tentative budget at a special meeting and then adopted the same; and

WHEREAS, the District Board met in a special Work/Study Session on September 7, 2004, and discussed proposed revisions to the Town/District water resource charge and revisions to the District water service rates based on a staff Water & Wastewater Rate Study; and

WHEREAS, by Resolution No. 53 dated September 16, 2004, the District Board approved the tentative budget for FY 2004-2005 along with the proposed revisions to rates, fees and charges, and

WHEREAS, after a duly-noticed public hearing on September 23, 2004, the Board adopted by Resolution No. \_\_\_\_ the final budget, including the proposed revisions to rates, fees and charges;

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF THE PRESCOTT VALLEY WATER DISTRICT, AS FOLLOWS:

1. That that certain proposed budget prepared by the District Treasurer for Fiscal Year 2004-2005, attached hereto and expressly made a part hereof as Exhibit "A", is hereby finally adopted.

2. That the following identified rates, fees, and charges for the System are hereby established as part of said budget (until changed by subsequent resolution):

## **WATER SYSTEM CONNECTION CHARGES**

### **Meter Charges**

<u>Meter Size (Inches)</u>	<u>Charge</u>
5/8 and 3/4	cost of meter
1	cost of meter
1 1/2	cost of meter
2	cost of meter
all others	all others [cost of meter, plus 15%, but not less than \$1600.00]

### **System Capacity Charge**

	<u>Charge</u>
Per Single-Family Residential Dwelling Unit Equivalent (RDE)	\$1,650.00
Multi-Family Residential Dwellings -	
Duplexes/Triplexes/Fourplexes	0.85 RDE \$1,402.50/unit
Apartments/Condominiums	0.80 RDE \$1,320.00/unit
Motels/Hotels	0.50 RDE \$ 825.00/unit
Commercial/Industrial/Institutional Facilities	\$66.00/fixture per unit.

[Note: system capacity charges for commercial/industrial/institutional facilities that do not have identifiable fixtures per unit (e.g., private park or school irrigation, gravel or mining operations, etc.) shall be based upon the size of the water meter in accordance with AWWA water meter standards. In the event system capacity charges are limited by the provisions of any development agreement with the District, the provisions of said development agreement shall supercede the system capacity charges set forth herein. Nothing herein shall preclude the District from entering into a development agreement containing provisions limiting the aforementioned system capacity charges.]

### **Water Resource Charge**

	<u>Charge</u>
Per Single-Family Residential Dwelling Unit Equivalent (RDE)	\$1,526.00
Multi-Family Residential Dwellings -	
Duplexes/Triplexes/Fourplexes	0.85 RDE \$1,297.10/unit
Apartments/Condominiums	0.80 RDE \$1,220.80/unit
Motels/Hotels	0.50 RDE \$ 763.00/unit
Commercial/Industrial/Institutional Facilities	\$61.04/fixture per unit

[Note: water resource charges for commercial/industrial/institutional facilities that do not have identifiable fixtures per unit (e.g., private park or school irrigation, gravel or mining operations, etc.) shall be based upon the size of the water meter in accordance with AWWA water meter standards. In the event water resource charges are limited by the provisions of any development agreement with the District, the provisions of said development agreement shall supercede the water resource charges set forth herein. Nothing herein shall preclude the District from entering into a development agreement containing provisions limiting the aforementioned water resource charges.]

## NEW ACCOUNT FEES

### Deposits

#### Regular Meters

residential uses

commercial/industrial uses

#### Amount

\$ 90.00

\$ 90.00 [or 2x  
estimated monthly  
average billing,  
whichever greater]\*

#### Hydrant Meters

per hydrant

#### Amount

cost of meter\*\*

\*Estimates shall be made by the District's contract engineer based on type of use. Deposits paid by property owners shall be returned to them after one (1) calendar year of no delinquencies or upon closing of the account (net of any delinquencies), whichever is sooner. Deposits paid by tenants shall be returned to them upon closing of the account (net of any delinquencies). No interest shall be paid on deposits.

\*\*Deposits shall be returned upon return of meter in operational condition.

### Water Service Turn-On

#### Regular

per request

#### Fee

\$ 25.00\*

#### Hydrant

per hydrant

#### Fee

\$ 25.00

\*In cases where landlords have requested service continuation between tenants, the Regular Service Turn-on Fee shall be fifteen dollars (\$15.00).

### Emergency Turn-On

Per Request During Business Hours

Per Request During Non-Business Hours

#### Fee

\$ 25.00

\$ 75.00

### Construction Turn-On

#### Fee

Per request [same as  
Service Turn-On and  
Emergency Turn-On]

## WATER SERVICE RATES

### Base User Rates (Per Billing Period)

<u>Meter Size (Inches)</u>	<u>Rate</u>
5/8 and ¾	\$ 8.00
1	\$ 12.00
1 ½	\$ 16.00
2	\$ 20.00
3	\$ 24.00
4	\$ 28.00
6	\$ 32.00
8	\$ 36.00

<u>Fire Hydrants</u>	<u>Rate</u>
per hydrant	\$ 24.00

<u>Fire Sprinkler Systems</u>	<u>Rate</u>
per standpipe	\$ 5.00
per 4" (or smaller) fire sprinkler main	\$ 6.00
per 6" fire sprinkler main	\$ 9.00
per 8" fire sprinkler main	\$ 12.00
per 12" fire sprinkler main	\$ 15.00

### Volume Rates (Per 1,000 Gallons)

<u>Block</u>	<u>Meter Size (Inches)</u>	<u>Usage (Gallons)</u>	<u>Rate</u>
1	5/8 and ¾	0 - 8,000	\$ 2.22
	1	0 - 14,000	
	1 ½	0 - 26,000	
	2	0 - 42,000	
	3	0 - 86,000	
	4	0 - 134,000	
	6	0 - 266,000	
	8	0 - 427,000	
2	5/8 and ¾	8,001 - 20,000	\$ 2.66
	1	14,001 - 34,000	
	1 ½	26,001 - 66,000	
	2	42,001 - 106,000	
	3	86,001 - 214,000	
	4	134,001 - 334,000	
	6	266,001 - 666,000	
	8	427,001 - 1,067,000	

3	5/8 and 3/4	20,001 +	\$ 3.46
	1	34,001 +	
	1 1/2	66,001 +	
	2	106,001 +	
	3	214,001 +	
	4	334,001 +	
	6	666,001 +	
	8	1,067,001 +	

[Note: the above rates apply to all meter sizes and use classifications (residential, commercial and industrial). Volume Rates begin with the first gallon of every billing period. However, no Volume Rates are applied to construction usage of 3,000 gallons or less per billing period for up to six (6) months or until a CO or TCO is issued by the Town of Prescott Valley or Yavapai County (whichever is sooner).]

### **OTHER CHARGES**

#### **Reconnections (DNP)**

#### **Charge**

Per Disconnection For Nonpayment

\$ 25.00

#### **Meter Re-Reading/Testing**

#### **Charge**

Per Re-Read/Test

\$ 25.00

#### **Account Transfers**

#### **Charge**

Per Transfer

\$ 15.00

#### **Photocopying**

#### **Charge**

Per Page (copier, faxes, printer)

\$ 0.25

Per Page (color printer)

\$ 1.00

#### **Water District Budget Book or Water District Financial Report**

Per Copy

\$ 5.00

#### **Bank Returned Items (checks & ACH)**

#### **Charge**

Per Check

\$ 25.00

#### **Credit Card Transaction**

Per transaction (customer counter/phone)

\$ 2.00

**Debit Card Transaction**

Per transaction \$ 1.00

**Internet Transaction (using debit or credit card)**

No charge

**Account Delinquencies**Active Account ProcessingCharge

on 35<sup>th</sup> day past-due  
\$5.00 per service

Inactive Account ProcessingCharge

each month after account  
becomes inactive [5% of  
total amount due]\*

\*Per month or part of a month

**Account Collections**Judicial Hearing Preparation  
And AttendanceCharge

per hearing

\$ 25.00

Collection Agency ReferralsCharge

per referral [actual cost of  
collection]

Payment AgreementsCharge

applied against amount of outstanding balance

5% per month

**Commercial Water Tap Installation Fee**

## Tap Size

## Labor Cost

¾"

\$ 75.00

1"

\$ 75.00

2"

\$ 130.00

4"

\$ 190.00

6"

\$ 190.00

8"  
10"  
12"

\$ 220.00  
\$ 280.00  
\$ 280.00

## CIVIL PENALTIES

### Unauthorized Turn-On/Turn-Off/Tampering

#### Penalty

Per Unauthorized Turn-On/Turn-Off/Tampering

\$ 50.00\*

\*Per single family residential equivalent unit; each day during which a violation occurs or continues shall be deemed a separate offense. All or portions of penalties may be waived to the extent customers agree to reimburse contract operators for related system damages.

### Cross-Connection Violations

#### Penalty

Per Violation [not less than  
\$200.00, nor more than  
\$500.00]\*

\*Per single family residential equivalent unit; each day during which a violation occurs or continues shall be deemed a separate offense.

3. That the engineering fees to be charged by the District for water system connections and extensions shall be as follows:

### I. REPORTS/MAPS/DATA PRODUCTION

A. Reports/Manuals		
General Plan 2020 – COLOR		\$32.00
General Plan 2020 – B&W		\$16.00
General Plan 2020 – CD		\$3.50
General Plan Appendix – COLOR		\$12.00
General Plan Appendix – B&W		\$6.00
General Plan Appendix – CD		\$3.50
Prescott Valley Parkway Plan – COLOR		\$25.00
Prescott Valley Parkway Plan – B&W		\$12.50
Prescott Valley Parkway Plan – CD		\$3.50
Glassford Hill Coordination Plan – COLOR		\$10.00
Glassford Hill Coordination Plan – B&W		\$5.00
Zoning Ordinance Manual		\$25.00
YAG Standards		\$35.00
B. Data Compilation and Development		\$35.00/hr
*Minimum (1) hour charge		
C. Maps	BOND PAPER	PHOTO PAPER
A size (8.5x11) COLOR MAP	\$1.00	\$2.00
B size (11x17) COLOR MAP	\$2.00	\$4.00



C size (17x22) COLOR MAP	\$10.00	\$25.00
D size (22x34) COLOR MAP	\$20.00	\$35.00
E size (34x44) COLOR MAP	\$25.00	\$45.00
Zoning Atlas - (11X17 - COLOR)		\$75.00
Zoning Atlas - 11X17 - B&W)		\$35.00
Zoning Atlas - (11X17) - XEROX COPY		\$10.00
Zoning Atlas - (8.5X11 - COLOR)		\$200.00

<b>D. (DIGITAL DATA)</b>		
1 Meter Color Satellite Image of Prescott Valley - (36x48 laminated)		\$120.00
(Aerial Photos) Prescott Valley High Resolution Digital Orthos - (.25 ft. resolution) - 100 total quarter sections, 22 CD's		\$10.00/CD
(Aerial Photos) Prescott Valley Low Resolution Orthos - (1.5 ft. resolution) - 5 CD'S total		\$10.00/CD
Planimetric Data - 2 CD'S total		\$10.00/CD
1 FT Contours - 1 CD		\$10.00
5 FT Contours - 1 CD		\$10.00

## II. PROFESSIONAL SERVICES

A. Engineer	\$75.00/hr
B. Civil/Design Technical	\$45.00/hr
C. Clerical	\$25.00/hr
D. Computer System Usage	\$35.00/hr

## III. PLANS REVIEW

A. In House Construction and Development Plans Review	\$20.00/sheet
B. Outside Consultant Engineering Plans Review	cost plus 5%

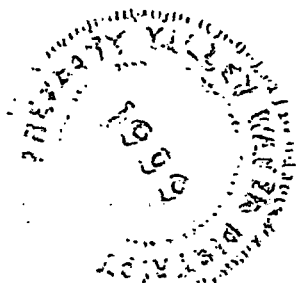
## IV. CONSTRUCTION INSPECTION

A. <u>Utility Lines</u> *Includes water, wastewater, reclaimed water and storm water lines	\$0.25/lf *
B. <u>Streets</u> **Includes road surfaces, curbs, gutters, sidewalks, and pedestrian/bicycle paths	\$0.25/sy**

4. That if any provision in this Resolution is held invalid by a court of competent jurisdiction, the remaining provisions shall not be affected but shall continue in full force and effect.

5. That this Resolution shall be effective after its passage and approval according to law.

RESOLVED by the District Board of the Prescott Valley Water District this 23<sup>rd</sup> day of September, 2004.



ATTEST:

Diane Russell  
District Clerk, Prescott Valley Water District

APPROVED AS TO FORM:

Ivan Legler  
District Counsel, Prescott Valley Water District

Richard C. Killingsworth  
Chairman, District Board  
Prescott Valley Water District

1                               **BEFORE THE ARIZONA CORPORATION COMMISSION**

2   JEFF HATCH-MILLER  
      Chairman  
3   WILLIAM A. MUNDELL  
      Commissioner  
4   MARC SPITZER  
      Commissioner  
5   MIKE GLEASON  
      Commissioner  
6   KRISTIN K. MAYES  
      Commissioner

8   IN THE MATTER OF THE APPLICATION    ) DOCKET NO. W-03263A-05-0215  
9   OF DIAMOND VALLEY WATER USERS        ) DECISION NO. \_\_\_\_\_  
10   CORP. TO AMEND ITS TARIFF            ) ORDER  
11    )

12   Open Meeting  
13   May 3 and 4, 2005  
      Phoenix, Arizona

14   BY THE COMMISSION:

15    FINDINGS OF FACT

- 16           1.     On March 25, 2005, Diamond Valley Water Users Corp. ("Company") filed a  
17   request to amend its tariff (approved in Decision No. 60125). The proposed amendment requests a  
18   change to the service line and meter installation charge. The Company is in financial distress and  
19   is being operated by an interim manager (Mr. Timothy Kylo). The Prescott Valley Water District  
20   ("District") charges for water system connections have increased, and actual connection costs vary  
21   due to unique site conditions.
- 22           2.     Staff is processing this application as a water facility hook-up fee tariff.
- 23           3.     The Company has recently received four requests for service line and meter  
24   installation (SL&MI) services. The Company's current tariff provides for a partially refundable  
25   \$1,650 SL&MI charge for 5/8" x 3/4" meter. In prior years, the previous SL&MI charge of \$1,650  
26   generally covered the \$1,200 District imposed County Water System Capacity Charge, the cost of  
27   the meter and installation costs. The portion of the SL&MI charge not required to meet the county  
28   capacity charge (\$450) was refundable. In recent years, the Company has experienced a wide

1 variety of installation costs due to difficulty in locating mains and, in some instances, road  
2 crossings.

3 4. The Company was recently informed by the District that the Water System  
4 Connection fee was increased to \$1,650 (from \$1,200) for each new connection effective March 1,  
5 2005. Additionally, a new Water Resource Charge was also effective March 1, 2005, for \$1,526  
6 for each new connection.

7 5. The Company estimates that the current cost for the meter and installation can  
8 range from \$800 to several thousand dollars. Therefore, the total estimated current cost for  
9 SL&MIs can range from \$3,976 (\$1,650 plus \$1,526 plus \$800) to several thousand dollars. Thus,  
10 the current cost of connecting a customer would require the Company to absorb significant capital  
11 costs.

12 6. The Company is currently preparing a rate application and indicates that it has no  
13 working capital available to fund SL&MI requests.

14 7. The Company has proposed a change to its current tariff wherein the SL&MI  
15 charge will be amended to permit non-refundable recovery of the "Permitted" actual cost of the  
16 SL&MI. This will allow the Company to respond to requests for new service on a timely basis.

17 8. Staff believes the Company's proposed tariff amendment should be treated as a  
18 water system facility hook-up fee. Service connections and establishment under A.A.C. R-14-2-  
19 405.A.6 and intended for costs "where the customer's facilities are ready and acceptable to the  
20 utility and the utility only needs to install or read a meter to turn on the service." The District's  
21 fees represent a substantial cost to the utility and are more appropriately considered under as a  
22 hook-up fee. Treating all new service connections as hook-up fees is also a practical solution to  
23 the Company's current financial situation.

24 9. Although the Company has reported operating income of \$22,090 for the year 2004  
25 and \$16,393 for 2003, it is experiencing negative cash flow due to the increase in the District water  
26 purchasing costs and increasing repairs and maintenance costs. The Company had a negative cash  
27 flow for 2004 of approximately \$40,000.

28 ...

10. The Company also has unpaid debts to the District totaling approximately \$97,000 which were accumulated prior to, and subsequent to, the appointment of an interim manager for water purchases, connection charges, and interest.

11. Although paying its current property tax assessments, the Company owes approximately \$50,000 for back property taxes.

12. The new hook-up fee will not be refundable. The Company's current financial condition precludes refunding at this time. All hook-up fees will be considered as non refundable contributions in aid of construction.

## CONCLUSIONS OF LAW

1. The Company is public service corporation within the meaning of Article 15 of the Arizona Constitution and Title 40 of the Arizona Revised Statutes.

2. The Commission has jurisdiction over the Company and over the subject matter of the application.

3. The Commission having reviewed the application and Staff's Memorandum of April 14, 2005, concludes that it is in the public interest to grant the Company's request as modified herein to establish water facility hook-up fees as provided for Exhibit I.

...

• • •

• • •

...

• • •

• • •

• • •

...

...

...

...

...

ORDER

IT IS THEREFORE ORDERED that the application be and hereby is granted as modified and discussed herein.

IT IS FURTHER ORDERED that the Company submit a report each March 1 that covers the previous calendar year. The report shall list each person/entity that has paid a hook-up fee, how much they paid, how much was paid to the District, and how much was paid for the actual installation of the meter and service line. The first report shall be due on March 1, 2006.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

**BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER

IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive Secretary of the Arizona Corporation Commission, have hereunto, set my hand and caused the official seal of this Commission to be affixed at the Capitol, in the City of Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
BRIAN C. McNEIL  
Executive Secretary

DISSENT: \_\_\_\_\_

DISSENT: \_\_\_\_\_

EGJ:JJD:rdp/TS

1 SERVICE LIST FOR: DIAMOND VALLEY WATER USERS CORP.  
2 DOCKET NO. W-03263A-05-0215

3 Mr. Timothy Kylo  
4 Interim Manager  
5 Diamond Valley Water Users Corporation  
6 Post Office Box 10593  
7 Sedona, Arizona 86339

8 Mr. Ernest G. Johnson  
9 Director, Utilities Division  
10 Arizona Corporation Commission  
11 1200 West Washington  
12 Phoenix, Arizona 85007

13 Mr. Christopher C. Kempley  
14 Chief Counsel  
15 Arizona Corporation Commission  
16 1200 West Washington  
17 Phoenix, Arizona 85007  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

Diamond Valley Water Users Corp.  
W-03263A-05-0215

Exhibit I

Water Facility Hook-up Fees:

<u>Meter Size</u>	<u>Water System Connection Charge*</u>	<u>Water System Capacity Charge*</u>	<u>Meter and Installation</u>	<u>Permitted Total Cost**</u>
	(A)	(B)	(C)	(A+B+C)
5/8" x 3/4"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
3/4"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
1"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
1 1/2"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
2"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
3"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
4"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
5"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost
6"	\$1,650.00	\$1,526.00	Actual Cost	Permitted Cost

\* Imposed pursuant to Prescott Valley Water District. Other charges apply to Duplexes/ Apartments/Condominiums/Motel and other types of dwellings.

\*\*Permitted Cost

- A. Costs shall be verified by invoice.
- B. For services that are provided by the Company at cost, cost shall include all labor, materials, other charges incurred, and overheads. However, prior to any such service being provided, the estimated cost of such service will be provided by the Company to the customer. After a review of the cost estimate, the customer will pay the amount of the estimated cost to the Company.
- C. In the event the actual cost is less than the estimated cost, the Company will refund the excess to the customer within 30 days after completion of the provision of service or after the Company's receipt of invoices, time sheets or other related documents, which ever is sooner. Under all circumstances, the minimum charge as indicated above will be charged for the related service.
- D. All amounts paid by the customer will be considered a non-refundable contribution in aid of construction.
- E. At the customer's request, the Company shall make available to the customer all invoices, timesheets or related documents to support the cost for providing service.
- F. Permitted cost shall include any State or federal income taxes that are or may be payable by the Company as a result of any tariff or contract for water facilities for which the customer advances or contributes funds or facilities to the Company.



## EXHIBIT II



Prescott Valley Water District

7501 E. Civic Circle  
Prescott Valley  
Arizona 86314

February 3, 2005

**RECEIVED**

APR 06 2005

AZ Corporation Commission  
Director Of Utilities

Attn: Tim Kylo, Bradshaw Management Corporation  
DIAMOND VALLEY WATER USERS CORPORATION  
P.O. Box ~~20939~~ 10573  
Sedona, Arizona ~~86341-0939~~  
86339-8573

Re: NOTICE - Revised Prescott Valley Water District Volume Rate

Dear Mr. Kylo:

I am providing **NOTICE** of recent action by the Prescott Valley Water District Board to revise Water District Volume Rates which affects the gallonage component of the Water Charge to the Diamond Valley Water User's Corporation under Subsection 2.7(d) of the Restated and Amended Agreement for Water Service ("Agreement") dated December 3, 1996, between Diamond Valley Water and Shamrock Water Company (now the Prescott Valley Water Company, whose sole member and operator is the Prescott Valley Water District), approved by Order No. 60125 dated March 19, 1997 of the Arizona Corporation Commission.

The Water District Board adopted its FY 2004-2005 budget by Resolution No. 54, dated September 23, 2004. (See attached) The budget included new water rates effective January 1, 2005. Because the District uses tiered rates, an average has been used for the gallonage rate to Diamond Valley Water under the Agreement. The prior average since 2001 has been \$2.25 per 1000 gallons. The new average is \$2.45 per 1000 gallons (an 8.9% increase). Because Diamond Valley Water has a "pass through" provision in place, the increase would normally be effective as of January 1. However, as an accommodation we propose that the \$2.45 rate be effective as of March 1, 2005.

I've been informed by our utilities personnel that considerable time has passed since we received the reports under the Agreement which verify the monthly service charge and one-time facilities charges to be received. We appreciate continuing to receive the \$2,300.00 monthly settlement amount, but we're concerned that Diamond Valley Water may again be falling into arrears since growth in the area is evident yet the District is not receiving the reports or the related charges. I would appreciate hearing from you on this matter.

In the meantime, if you have any questions, please don't hesitate to contact me.

Sincerely,

Larry Tarkowski  
District Manager/Prescott Valley Water District  
Aj/il  
Attachment

p.c.: District Board  
District Clerk  
District Legal Counsel

## **RESOLUTION NO. 54**

### **PRESCOTT VALLEY WATER DISTRICT**

A RESOLUTION OF THE DISTRICT BOARD OF THE PRESCOTT VALLEY WATER DISTRICT, A COMMUNITY FACILITIES DISTRICT OF ARIZONA, APPROVING A FINAL BUDGET FOR FISCAL YEAR 2004-2005 PURSUANT TO ARS §48-716; ESTABLISHING RATES, FEES, AND CHARGES CONCURRENTLY THEREWITH TO (A) GENERATE REVENUE SUFFICIENT TO PAY WHEN DUE THE PRINCIPAL AND INTEREST OF ALL REVENUE BONDS FOR THE PAYMENT OF WHICH REVENUE HAS BEEN PLEDGED, AND (B) TO PROVIDE WATER SERVICES FOR AND ON BEHALF OF THE PRESCOTT VALLEY WATER COMPANY ON AND AFTER JULY 1, 2004, ALL IN ACCORDANCE WITH ARS §48-720(E); PROVIDING THAT IF ANY PROVISION IN THIS RESOLUTION IS HELD INVALID BY A COURT OF COMPETENT JURISDICTION, THE REMAINING PROVISIONS SHALL NOT BE AFFECTED BUT SHALL CONTINUE IN FULL FORCE AND EFFECT; AND PROVIDING THAT THIS RESOLUTION SHALL BE EFFECTIVE AFTER ITS PASSAGE AND APPROVAL ACCORDING TO LAW.

WHEREAS, on September 24, 1998, the Common Council of the Town of Prescott Valley ("Town") adopted Resolution No. 855 creating the Prescott Valley Water District ("District"), a community facilities district in accordance with ARS §48-701 et seq.; and

WHEREAS, among other things, the purpose for creating the District was to (a) sell revenue bonds, (b) use bond proceeds to acquire the stock of Shamrock Water Company ("Shamrock"), (c) change Shamrock to a non-profit company and re-name it the Prescott Valley Water Company ("Company"), (d) enter into a service agreement with the Company to provide all of the Company's services for the benefit of the Company's customers [including construction of necessary capital improvements to the Company's water system ("System") using bond proceeds], and (e) enter into agreements with third parties to actually provide those services; and

WHEREAS, on November 9, 1998, the District Board adopted Resolution No. 2 approving a Stock Purchase Agreement with Shamrock's Shareholders to purchase Shamrock's stock for \$14,906,000.00 (plus an amount equal to Shamrock's actual cost of labor and materials for acquiring, constructing and installing routine improvements) on or before January 29, 1999 ("Closing Date"); and

WHEREAS, in furtherance of said Stock Purchase Agreement, on December 14, 1998, the District Board adopted Resolution No. 3 approving the issuance of revenue bonds in an amount necessary to purchase Shamrock's stock and fund an initial capital improvement program for the System; and

WHEREAS, on December 14, 1998, the District Board also adopted Resolution No. 4 prescribing rates, fees, and charges necessary to generate revenue sufficient to pay when due the principal and interest of said revenue bonds and to pay the ongoing costs of managing, operating and maintaining the System; and

WHEREAS, such rates, fees, and charges were to be effective from and after the Closing Date (after first being established in the District's annual budget after notice and hearing pursuant to ARS §48-716); and

WHEREAS, after notice and a public hearing conducted at a Special Meeting held January 14, 1999, the District Board adopted Resolution No. 7 approving and adopting the District's Budget to close out FY 1998-99 and thereby formally established the rates, fees, and charges previously prescribed in Resolution No. 4; and

WHEREAS, by Resolution No. 10 dated February 23, 1999, the District Board administratively directed staff and contract agents to not collect service, emergency and construction turn-off fees previously adopted by the Board and, in certain circumstances, to reduce the regular service turn-on fee from \$25.00 to \$15.00 in anticipation of the FY 1999-2000 budget process; and

WHEREAS, by Resolution No. 13 dated July 8, 1999, the District Board approved the tentative budget for FY 1999-2000 as well as proposed rates, fees and charges, and set a public hearing date to consider the same in accordance with ARS §§48-716 and 48-720(E); and

WHEREAS, by Resolution No. 15 dated August 5, 1999, the District Board held a hearing on said tentative budget at a special meeting and then adopted the same; and

WHEREAS, by Resolution No. 16 dated October 14, 1999, the District Board administratively directed District staff and contract agents that, in applying the heretofore approved methodology for estimating water usage by commercial and industrial users to calculate System Capacity Charges, estimated water usage for required landscaping proposals was not to be included, in anticipation of formally amending the System rates, fees, and charges in the upcoming budget process; and

WHEREAS, by Resolution No. 18 dated June 22, 2000, the District Board adopted a tentative budget for FY 2000-2001, and set a public hearing date of July 20, 2000 for said tentative budget; and

WHEREAS, said tentative budget included a new Water Resource Charge of \$1,000.00 among the Water System Connection Charges in order to ensure that new water sources will be available to provide service to future customers of the District and Company in light of the recent declaration by the Arizona Department of Water Resources that groundwater may no longer be used by new developments; and

WHEREAS, the District Board held a hearing on said tentative budget at its regular meeting on July 20, 2000, and adopted the same by Resolution No. 19 (making the Water Resource Charge effective August 19, 2000); and

WHEREAS, in July 2000, the District and the Town entered into a consultant contract with Rick Giardina & Associates, Inc. to assist the District Board and Town Council in reviewing and

revising water and wastewater rates in light of expected operation costs and capital improvement needs for their respective domestic water, reclaimed water, and wastewater systems; and

WHEREAS, beginning in November, 2000, Mr. Giardina had a number of meetings with a Rate Study Review Committee consisting originally of nineteen (19) citizens, a number of District and Town staff, and two (2) District Board/Town Council members, to consider revision of water and wastewater rates; and

WHEREAS, at its final meeting on July 25, 2001, the Rate Study Review Committee voted to recommend to the District Board and Town Council certain revisions to their respective water and wastewater rates, including establishing new reclaimed water rates; and

WHEREAS, prior thereto, the District Board and Town Council had met in a joint work/study session on July 16, 2001 to consider staff-proposed revisions to District and Town utility regulations (including proposed fee and service charge revisions) to (a) respond to concerns previously raised by area landlords regarding administration of District and Town utility accounts, particularly those opened in the name of tenants, (b) standardize District water system and Town wastewater and water system regulations in order to assist the Town in its operation and administration of the three (3) systems (the former pursuant to contract), and (c) resolve other issues raised over time as Town staff gained experience in operating and administering the three (3) utility systems; and

WHEREAS, by Resolution No. 26 dated July 26, 2001, the District Board adopted a tentative budget for FY 2001-2002 and set a public hearing date of August 16, 2001 to consider the same, which budget included revised (and, in some instances, increased) domestic water rates, fees, and charges for the System based on the Rate Study Review Committee recommendations and the staff-proposed revisions; and

WHEREAS, in the interim between the adoption of the tentative budget and consideration of the final budget, engineering staff proposed clarifying language relating to meter costs and consideration of simplified engineering fees in the final budget; and

WHEREAS, it was expected that the simplified engineering fees would result in reduced costs to the majority of small developers and possibly increased costs to certain larger developers whose engineering reviews are often the most time-consuming for staff; and

WHEREAS, at a special work/study session held prior to the public hearing on August 16, 2001, the District Board reviewed all of the proposed revisions; and

WHEREAS, at the conclusion of the public hearing on the tentative budget, the District Board voted to adopt the final budget by Resolution No. 28 (the proposed revisions to rates, fees, and charges therein becoming effective September 29, 2001); and

WHEREAS, at a joint work/study session held on May 16, 2002, the District Board and Town Council met to consider staff-proposed revisions to the methodology for calculating system

capacity charges and water resource charges for new residential, commercial and industrial uses that connect to both the Town and District utility systems; and

WHEREAS, by Resolution No. 33 dated June 13, 2002, the District Board adopted a tentative budget for FY 2002-2003, and set a public hearing date of July 11, 2002 to consider the same, which budget included the proposed new methodology for calculating system capacity charges and water resource charges based on the staff-proposed revisions as well as revised engineering fees; and

WHEREAS, at the conclusion of the public hearing on the tentative budget, the District Board voted to adopt the final budget by Resolution No. 35;

WHEREAS, by Resolution No. 40 dated June 12, 2003, the District Board approved the tentative budget for FY 2003-2004 as well as proposed rates, fees and charges, and set a public hearing date to consider the same in accordance with ARS §§48-716 and 48-720(E); and

WHEREAS, by Resolution No. 41 dated July 10, 2003, the District Board held a hearing on said tentative budget at a special meeting and then adopted the same; and

WHEREAS, the District Board met in a special Work/Study Session on September 7, 2004, and discussed proposed revisions to the Town/District water resource charge and revisions to the District water service rates based on a staff Water & Wastewater Rate Study; and

WHEREAS, by Resolution No. 53 dated September 16, 2004, the District Board approved the tentative budget for FY 2004-2005 along with the proposed revisions to rates, fees and charges, and

WHEREAS, after a duly-noticed public hearing on September 23, 2004, the Board adopted by Resolution No. \_\_\_\_ the final budget, including the proposed revisions to rates, fees and charges;

NOW, THEREFORE, BE IT RESOLVED BY THE DISTRICT BOARD OF THE PRESCOTT VALLEY WATER DISTRICT, AS FOLLOWS:

1. That that certain proposed budget prepared by the District Treasurer for Fiscal Year 2004-2005, attached hereto and expressly made a part hereof as Exhibit "A", is hereby finally adopted.

2. That the following identified rates, fees, and charges for the System are hereby established as part of said budget (until changed by subsequent resolution):

## WATER SYSTEM CONNECTION CHARGES

### Meter Charges

<u>Meter Size (Inches)</u>	<u>Charge</u>
5/8 and 3/4	cost of meter
1	cost of meter
1 1/2	cost of meter
2	cost of meter
all others	all others [cost of meter, plus 15%, but not less than \$1600.00]

### System Capacity Charge

	<u>Charge</u>
Per Single-Family Residential Dwelling Unit Equivalent (RDE)	\$1,650.00
Multi-Family Residential Dwellings -	
Duplexes/Triplexes/Fourplexes	0.85 RDE \$1,402.50/unit
Apartments/Condominiums	0.80 RDE \$1,320.00/unit
Motels/Hotels	0.50 RDE \$ 825.00/unit

Commercial/Industrial/Institutional Facilities \$66.00/fixture per unit.

[Note: system capacity charges for commercial/industrial/institutional facilities that do not have identifiable fixtures per unit (e.g., private park or school irrigation, gravel or mining operations, etc.) shall be based upon the size of the water meter in accordance with AWWA water meter standards. In the event system capacity charges are limited by the provisions of any development agreement with the District, the provisions of said development agreement shall supercede the system capacity charges set forth herein. Nothing herein shall preclude the District from entering into a development agreement containing provisions limiting the aforementioned system capacity charges.]

### Water Resource Charge

	<u>Charge</u>
Per Single-Family Residential Dwelling Unit Equivalent (RDE)	\$1,526.00
Multi-Family Residential Dwellings -	
Duplexes/Triplexes/Fourplexes	0.85 RDE \$1,297.10/unit
Apartments/Condominiums	0.80 RDE \$1,220.80/unit
Motels/Hotels	0.50 RDE \$ 763.00/unit
Commercial/Industrial/Institutional Facilities	\$61.04/fixture per unit

[Note: water resource charges for commercial/industrial/institutional facilities that do not have identifiable fixtures per unit (e.g., private park or school irrigation, gravel or mining operations, etc.) shall be based upon the size of the water meter in accordance with AWWA water meter standards. In the event water resource charges are limited by the provisions of any development agreement with the District, the provisions of said development agreement shall supercede the water resource charges set forth herein. Nothing herein shall preclude the District from entering into a development agreement containing provisions limiting the aforementioned water resource charges.]

## NEW ACCOUNT FEES

### Deposits

#### Regular Meters

#### Amount

residential uses

\$ 90.00

commercial/industrial uses

\$ 90.00 [or 2x  
estimated monthly  
average billing,  
whichever greater]\*

#### Hydrant Meters

#### Amount

per hydrant

cost of meter\*\*

\*Estimates shall be made by the District's contract engineer based on type of use. Deposits paid by property owners shall be returned to them after one (1) calendar year of no delinquencies or upon closing of the account (net of any delinquencies), whichever is sooner. Deposits paid by tenants shall be returned to them upon closing of the account (net of any delinquencies). No interest shall be paid on deposits.

\*\*Deposits shall be returned upon return of meter in operational condition.

### Water Service Turn-On

#### Regular

#### Fee

per request

\$ 25.00\*

#### Hydrant

#### Fee

per hydrant

\$ 25.00

\*In cases where landlords have requested service continuation between tenants, the Regular Service Turn-on Fee shall be fifteen dollars (\$15.00).

### Emergency Turn-On

#### Fee

Per Request During Business Hours

\$ 25.00

Per Request During Non-Business Hours

\$ 75.00

### Construction Turn-On

#### Fee

Per request [same as  
Service Turn-On and  
Emergency Turn-On]



## WATER SERVICE RATES

### Base User Rates (Per Billing Period)

<u>Meter Size (Inches)</u>	<u>Rate</u>
5/8 and 3/4	\$ 8.00
1	\$ 12.00
1 1/2	\$ 16.00
2	\$ 20.00
3	\$ 24.00
4	\$ 28.00
6	\$ 32.00
8	\$ 36.00

<u>Fire Hydrants</u>	<u>Rate</u>
per hydrant	\$ 24.00

<u>Fire Sprinkler Systems</u>	<u>Rate</u>
per standpipe	\$ 5.00
per 4" (or smaller) fire sprinkler main	\$ 6.00
per 6" fire sprinkler main	\$ 9.00
per 8" fire sprinkler main	\$ 12.00
per 12" fire sprinkler main	\$ 15.00

### Volume Rates (Per 1,000 Gallons)

<u>Block</u>	<u>Meter Size (Inches)</u>	<u>Usage (Gallons)</u>	<u>Rate</u>
1	5/8 and 3/4	0 - 8,000	\$ 2.22
	1	0 - 14,000	
	1 1/2	0 - 26,000	
	2	0 - 42,000	
	3	0 - 86,000	
	4	0 - 134,000	
	6	0 - 266,000	
	8	0 - 427,000	
2	5/8 and 3/4	8,001 - 20,000	\$ 2.66
	1	14,001 - 34,000	
	1 1/2	26,001 - 66,000	
	2	42,001 - 106,000	
	3	86,001 - 214,000	
	4	134,001 - 334,000	
	6	266,001 - 666,000	
	8	427,001 - 1,067,000	

3	5/8 and 3/4	20,001 +	\$ 3.46
	1	34,001 +	
	1 1/2	66,001 +	
	2	106,001 +	
	3	214,001 +	
	4	334,001 +	
	6	666,001 +	
	8	1,067,001 +	

[Note: the above rates apply to all meter sizes and use classifications (residential, commercial and industrial). Volume Rates begin with the first gallon of every billing period. However, no Volume Rates are applied to construction usage of 3,000 gallons or less per billing period for up to six (6) months or until a CO or TCO is issued by the Town of Prescott Valley or Yavapai County (whichever is sooner).]

### **OTHER CHARGES**

#### **Reconnections (DNP)**

#### **Charge**

Per Disconnection For Nonpayment

\$ 25.00

#### **Meter Re-Reading/Testing**

#### **Charge**

Per Re-Read/Test

\$ 25.00

#### **Account Transfers**

#### **Charge**

Per Transfer

\$ 15.00

#### **Photocopying**

#### **Charge**

Per Page (copier, faxes, printer)

\$ 0.25

Per Page (color printer)

\$ 1.00

#### **Water District Budget Book or Water District Financial Report**

Per Copy

\$ 5.00

#### **Bank Returned Items (checks & ACH)**

#### **Charge**

Per Check

\$ 25.00

#### **Credit Card Transaction**

Per transaction (customer counter/phone)

\$ 2.00

**Debit Card Transaction**

Per transaction

\$ 1.00

**Internet Transaction (using debit or credit card)**

No charge

**Account Delinquencies**Active Account ProcessingChargeon 35<sup>th</sup> day past-due  
\$5.00 per serviceInactive Account ProcessingChargeeach month after account  
becomes inactive [5% of  
total amount due]\*

\*Per month or part of a month

**Account Collections**Judicial Hearing Preparation  
And AttendanceCharge

per hearing

\$ 25.00

Collection Agency ReferralsChargeper referral [actual cost of  
collection]Payment AgreementsCharge

applied against amount of outstanding balance

5% per month

**Commercial Water Tap Installation Fee**

## Tap Size

## Labor Cost

¾"

\$ 75.00

1"

\$ 75.00

2"

\$ 130.00

4"

\$ 190.00

6"

\$ 190.00

8"	\$ 220.00
10"	\$ 280.00
12"	\$ 280.00

### CIVIL PENALTIES

#### Unauthorized Turn-On/Turn-Off/Tampering

#### Penalty

Per Unauthorized Turn-On/Turn-Off/Tampering

\$ 50.00\*

\*Per single family residential equivalent unit; each day during which a violation occurs or continues shall be deemed a separate offense. All or portions of penalties may be waived to the extent customers agree to reimburse contract operators for related system damages.

#### Cross-Connection Violations

#### Penalty

Per Violation [not less than  
\$200.00, nor more than  
\$500.00]\*

\*Per single family residential equivalent unit; each day during which a violation occurs or continues shall be deemed a separate offense.

3. That the engineering fees to be charged by the District for water system connections and extensions shall be as follows:

#### I. REPORTS/MAPS/DATA PRODUCTION

<b>A. Reports/Manuals</b>		
General Plan 2020 - COLOR		\$32.00
General Plan 2020 - B&W		\$16.00
General Plan 2020 - CD		\$3.50
General Plan Appendix - COLOR		\$12.00
General Plan Appendix - B&W		\$6.00
General Plan Appendix - CD		\$3.50
Prescott Valley Parkway Plan - COLOR		\$25.00
Prescott Valley Parkway Plan - B&W		\$12.50
Prescott Valley Parkway Plan - CD		\$3.50
Glassford Hill Coordination Plan-COLOR		\$10.00
Glassford Hill Coordination Plan - B&W		\$5.00
Zoning Ordinance Manual		\$25.00
YAG Standards		\$35.00
<b>B. Data Compilation and Development</b>		\$35.00/hr
*Minimum (1) hour charge		
<b>C. Maps</b>	<b>BOND PAPER</b>	<b>PHOTO PAPER</b>
A size (8.5x11) COLOR MAP	\$1.00	\$2.00
B size (11x17) COLOR MAP	\$2.00	\$4.00

C size (17x22) COLOR MAP	\$10.00	\$25.00
D size (22x34) COLOR MAP	\$20.00	\$35.00
E size (34x44) COLOR MAP	\$25.00	\$45.00
Zoning Atlas – (11X17 – COLOR)		\$75.00
Zoning Atlas – 11X17 – B&W)		\$35.00
Zoning Atlas – (11X17) – XEROX COPY		\$10.00
Zoning Atlas – (8.5X11 – COLOR)		\$200.00

<b>D. (DIGITAL DATA)</b>		
1 Meter Color Satellite Image of Prescott Valley – (36x48 laminated)		\$120.00
(Aerial Photos) Prescott Valley High Resolution Digital Orthos – (.25 ft. resolution) – 100 total quarter sections, 22 CD's		\$10.00/CD
(Aerial Photos) Prescott Valley Low Resolution Orthos – (1.5 ft. resolution) – 5 CD'S total		\$10.00/CD
Planimetric Data – 2 CD'S total		\$10.00/CD
1 FT Contours – 1 CD		\$10.00
5 FT Contours – 1 CD		\$10.00

## II. PROFESSIONAL SERVICES

A. Engineer	\$75.00/hr
B. Civil/Design Technical	\$45.00/hr
C. Clerical	\$25.00/hr
D. Computer System Usage	\$35.00/hr

## III. PLANS REVIEW

A. In House Construction and Development Plans Review	\$20.00/sheet
B. Outside Consultant Engineering Plans Review	cost plus 5%

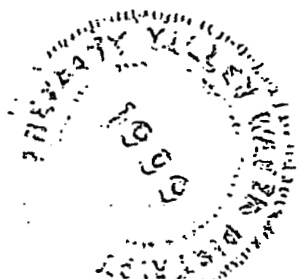
## IV. CONSTRUCTION INSPECTION

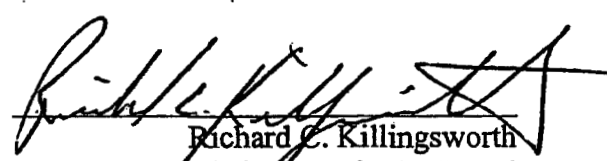
A. <u>Utility Lines</u> *Includes water, wastewater, reclaimed water and storm water lines	\$0.25/lf*
B. <u>Streets</u> **Includes road surfaces, curbs, gutters, sidewalks, and pedestrian/bicycle paths	\$0.25/sy**

4. That if any provision in this Resolution is held invalid by a court of competent jurisdiction, the remaining provisions shall not be affected but shall continue in full force and effect.

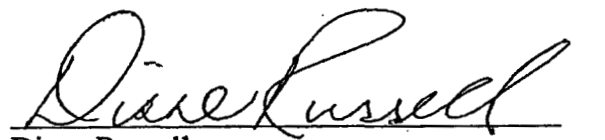
5. That this Resolution shall be effective after its passage and approval according to law.

RESOLVED by the District Board of the Prescott Valley Water District this 23<sup>rd</sup> day of September, 2004.




  
Richard C. Killingsworth  
Chairman, District Board  
Prescott Valley Water District

ATTEST:

  
Diane Russell  
District Clerk, Prescott Valley Water District

APPROVED AS TO FORM:

  
Ivan Legler  
District Counsel, Prescott Valley Water District